Question ID

2026_7830

Legal act

Directive 2013/36/EU (CRD)

Topic

Other issues

Article

140

COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations

Regulation (EU) No 1152/2014 - RTS on the identification of the geographical location of relevant credit exposures for institution-specific countercyclical capital buffer rate

Article/Paragraph

4

Type of submitter

Credit institution

Subject matter

Geographical allocation of exposures arising from synthetic securitisations for the purposes of the Countercyclical Capital Buffer (CCB)

Question

For synthetic securitisations where the originator:

- retains certain securitisation tranches (e.g. senior or mezzanine tranche),
- obtains funded credit protection for part of the junior risk, and
- obtains unfunded credit protection for another part of the junior risk,

how should the geographical location of the originator's remaining exposures be determined for purposes of CCB calculation?

Specifically:

1. Should all exposures arising from the securitisation—whether securitisation exposures or CRM-transformed exposures—be allocated according to Article 4 of Delegated Regulation (EU)

1152/2014, based solely on the obligors of the underlying exposures?

2. Or should the following differentiated approach apply:
    - retained securitisation exposures: allocation under Article 4 DelVO 1152/2014.
    - funded protection: no remaining exposure → no CCB geographical allocation;
    - unfunded protection: exposure is no longer a securitisation exposure but a CRM-transformed credit exposure;
        - Should the geographical allocation follow
            - the logic of Q&A 2016_3050 (pre-CRM exposure = underlying obligors = allocation according to Article 4 DelVO 1152/2014 the same as for the retained securitisation exposure), or
            - the standard CRM logic for credit exposures (location of the protection provider instead of location of the underlyings)?

Background on the question

Article 4 of Commission Delegated Regulation (EU) 1152/2014 determines the geographical location of securitisation exposures by reference to the obligors of the underlying exposures.

In synthetic securitisations, an originator may:

- retain securitisation tranches,
- transfer credit risk via funded credit protection, and
- transfer credit risk via unfunded credit protection.

Depending on the form of credit protection, the originator may either:

- continue to hold a securitisation exposure, or
- instead hold a credit-risk exposure arising from CRM, or
- have no remaining exposure.

EBA Q&A 2016_3050 clarifies two key principles for CCB purposes:

1. The geographical location must always be determined on the basis of the unsecured (pre-CRM) exposure.
2. The risk-weighted exposure amount (RWA) used for the CCB calculation must reflect CRM (post-CRM).

Thus:
Location = before CRM;
RWA = after CRM.

Uncertainty arises where a synthetic securitisation produces both securitisation exposures and CRM-transformed credit exposures, especially when part of the junior tranche is covered via funded protection (which removes the exposure) and another part via unfunded protection (which creates a credit exposure to the protection provider).

Submission date

14/04/2026

Final publishing date

06/11/2026

Final answer

According to Article 130 of Directive 2013/36/EU (CRD), institutions shall maintain an institution-specific countercyclical capital buffer consisting of their total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 (CRR), multiplied by the weighted average of the countercyclical buffer rates calculated in accordance with Article 140 of the CRD.
Pursuant to Article 140(1) of the CRD, the institution-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the relevant credit exposures of the institution are located or are applied for the purposes of that Article by virtue of Article 139(2) or (3) of the CRD. For that purpose, institutions shall apply to each applicable countercyclical buffer rate their total own funds requirements for credit risk, determined in accordance with Part Three, Titles II and IV of the CRR, that relates to the relevant credit exposures in the territory in question, divided by their total own funds requirements for credit risk that relates to all of their relevant credit exposures.
In accordance with Article 140(4)(c) of the CRD, relevant credit exposures include securitisation exposures for which the own funds requirements are calculated in accordance with Part Three, Title II, Chapter 5 of the CRR, which applies to securitisation exposures irrespective of whether the securitisation is traditional or synthetic. Therefore, exposures arising from a synthetic securitisation are relevant credit exposures for the purposes of the calculation of the institution-specific countercyclical capital buffer rate.
Pursuant to Article 140(5) of the CRD, the geographical location of relevant credit exposures shall be determined in accordance with Commission Delegated Regulation (EU) No 1152/2014. In the case of securitisation exposures, Article 4 of that Delegated Regulation provides that the geographical location is determined by reference to the obligors of the underlying exposures. Accordingly, exposures arising from a synthetic securitisation shall be geographically allocated in accordance with the said Article – that is, by reference to the location of the obligors of the underlying exposures – also for the purposes of the institution-specific countercyclical capital buffer.
The use of credit risk mitigation techniques in synthetic securitisation does not alter that geographical allocation. As also clarified in EBA Q&A 2016_3050, credit risk mitigation affects the amount of the own funds requirements to be taken into account for the calculation of the weights of the institution-specific countercyclical capital buffer rate, but it does not change the geographical location of the relevant credit exposure for those purposes.
Therefore, for the purposes of the calculation of the institution-specific countercyclical capital buffer rate, no distinction shall be made between retained securitisation exposures and exposures in respect of which funded or unfunded credit protection has been obtained in the context of a synthetic securitisation.
Their geographical location shall, in all cases, be determined by reference to the obligors of the underlying exposures.

Status

Final Q&A

Answer prepared by

Answer prepared by the EBA.